

HOUSE BILL REPORT

SSB 6382

As Reported by House Committee On: Ways & Means

Title: An act relating to reducing the cost of state government operations by restricting compensation.

Brief Description: Reducing the cost of state government operations by restricting compensation.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Prentice and Tom; by request of Governor Gregoire).

Brief History:

Committee Activity:

Ways & Means: 1/26/10, 1/27/10 [DPA].

**Brief Summary of Substitute Bill
(As Amended by House)**

- Extends the salary freeze for at-will exempt and Washington Management Service employees from February 18, 2010, to June 30, 2011.
- Provides an exception for the salary freeze for specified retention and recruiting purposes.
- Prohibits cash recognition awards for the remainder of the biennium.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended. Signed by 21 members: Representatives Linville, Chair; Ericks, Vice Chair; Sullivan, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Cody, Conway, Darneille, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Priest, Ross, Schmick and Seaquist.

Staff: Charlie Gavigan (786-7340).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The programs and functions of state government are administered by numerous state agencies and institutions, the costs of which are appropriated by the Legislature. These costs include expenditures for salaries, wages, equipment, personal services contracts, and state employee travel and training.

Generally, state employment positions are either exempt, general service, or Washington Management Service (WMS). General service employees are eligible to collectively bargain if they so elect. In higher education, employee positions typically are either exempt or general services; some categories of exempt employees as well as general service employees may collectively bargain if they so elect. For example, higher education faculty and graduate students are exempt employees but may collectively bargain. For employees who collectively bargain, salary and wage increases are determined as provided in the existing contract.

The 2009 Legislature established a 12-month prohibition on salary and wage increases for exempt and WMS employees in Chapter 5, Laws of 2009 (Engrossed Substitute Senate Bill 5460). The ban on salary increases will expire on February 18, 2010.

Summary of Amended Bill:

The prohibition on salary and wage increases for at-will exempt and WMS employees of state agencies and institutions of higher learning is extended through June 30, 2011. An employer may grant a salary increase to a position for which it has a demonstrated difficulty retaining qualified personnel, critical higher education personnel, or for summer quarter responsibilities, provided that the increase can be paid within existing resources and without adversely impacting the delivery of client services. Any agency giving a salary increase for an exempt or WMS position must submit a report to the fiscal committees of the Legislature by July 31, 2011, describing the increases given and the reasons for the increases. The prohibition on salary increases is expanded to include awards of cash or cash equivalents given in recognition for performance or longevity.

Provisions prohibiting state agencies from granting salary or wage increases do not apply to employees whose salary or wage is paid predominately through agriculture commodity assessments.

Amended Bill Compared to Substitute Bill:

Clarification is made that provisions prohibiting state agencies from granting salary or wage increases allow an increase granted in collective bargaining agreements for certain higher education employees, marine employees, and State Convention and Trade Center employees.

The amended bill provides an exception to the salary freeze for exempt higher education personnel for critical retention purposes or additional summer quarter responsibilities. The amended bill requires institutions to report exceptions to the Legislature.

In the amended bill, provisions prohibiting state agencies from granting salary or wage increases do not apply to employees whose salary or wage is paid predominately through agriculture commodity assessments.

Appropriation: None.

Fiscal Note: Requested on January 22, 2010.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) The intent is to continue the salary freeze through the end of the biennium. Additionally, this bill limits those awards to non-cash recognition through the end of the biennium. One of the things the Senate did was to allow for retention increases if it did not affect the overall budget that was given to that agency and that a report be given to the Office of Financial Management.

(With concerns) The bill affects union workers who happen not to be covered under the civil service bargaining law. There are other unions that have decided not to join with the statewide bargaining, or had been in existence for a long time and are not under the civil service bargaining law. They still have contracts that are binding on the agencies that bargain with these employees. Please put an amendment on this bill now to prevent confusion and legal questions about the variety of bargaining units in this state and help the institutions manage the cuts.

This is a small step in the right direction, but it won't do very much. We need real cuts. Cut the general fund budget back to \$25 billion and stop bawling. Cutting down on the amount of debt outstanding is absolutely essential.

We support exceptions to the salary freeze that would enable higher education institutions to make competitive retention adjustments to key faculty and other exempt personnel but also have concerns that can be addressed by the addition of the language from the trailer bill passed last year.

Washington is dependent on trade—we move over 85 percent of our products out internationally and this takes a lot of negotiating with foreign countries and states to be able to keep product moving. In order to deal with these problems Washington producers have formed commodity commissions which protect small and large growers. They self-assess to deal with the international negotiations that require a lot of out-of-state travel. The concerns we have relate to the restrictions on out-of-state travel when it is totally grower assessment money and not general fund. Do the same thing in HB 6382 that was done in SB 6503 regarding exemptions.

(Opposed) None.

Persons Testifying: (In support) Julie Murray, Office of Financial Management.

(With concerns) Wendy Rader-Konofalski, Washington Education Association; Paul W. Locke; Elizabeth Coveney, University of Washington; and Jim Jesernig, Washington Association of Wheat Growers and Washington State Potato Commission.

Persons Signed In To Testify But Not Testifying: None.